



NATIONAL TERTIARY RETIREMENT FUND



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# Welcome

Member webinar

REGULATION  
CHANGES

**3 APRIL 2023**

Presented by Go Benefits





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## Agenda

- > Annuitisation at retirement (1 March 2021)
- > Two pot system (1 March 2024)
- > Regulation 28 updates



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# Agenda



**Transfers between Retirement Annuity Funds**



**Budget 2023**



**Questions**





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## Annuitisation

**These changes were with effect 1 March 2021 and do not directly impact NTRF members:**

- Historically Provident Fund members could access their full retirement capital as a lump sum
- Contributions to 1 March 2021 are in a “vested” pot and still have that benefit
- Contributions post 1 March 2021 are in a “non vested” pot and only 1/3<sup>rd</sup> can be accessed at retirement.



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## Annuitisation



Specific arrangements for members aged 55 and above on 1 March 2021.

**Aim is to align all retirement funding vehicles**



## Two Pot system



*Dual aim of proposed regulations:*

- *To allow access to a portion of retirement savings while still employed*
- *To lock in a portion of retirement savings until retirement*



*Indication is to implement wef 1 March 2024.*

*Latest draft regulation expected to be circulated shortly for further comment.*



Access of retirement fund monies in return for enforced preservation of the remainder;

- Vested pot – value of savings as at effective date (1 March 2024)
- Savings pot – up to 1/3<sup>rd</sup> of on-going net contributions
- Retirement pot – 2/3<sup>rds</sup> of on-going net contributions



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Transfers between pots:

Transfers between “pots” limited to transfers to your “retirement pot”.

Effectively the day before retirement all assets are transferred to your “retirement pot”.





## Savings pot

- Seeding – 10% as at 1/3/24 up to a max of R25 000
- One withdrawal per annum, minimum of R2 000.
- Withdrawals will be taxed at marginal rates



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## Defined benefit Funds

The intention is for the same principle to apply to defined benefit funds, but details to be clarified.

The same will apply to NTRF members with conditional retirement benefits.



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## Other issues

The approach to issues like divorce orders will be clarified in the final regulations.





# Retrenchment

- Special retrenchment rules may be considered later and will not form part of the Two-pot system when introduced on 1 March 2024.
- As retrenchment is beyond members' control, NT proposed that limited income based withdrawals be permitted from the Retirement Pot.
- These withdrawals will be subject to certain conditions



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## Investment strategy

NTRF Trustees to confirm is the same default investment strategy will apply to the savings pot.





## Regulation 28

- Regulation 28, issued in terms of section 36(1)(bB) of the Pension Funds Act, protects retirement fund member savings by limiting the extent to which funds may invest in a particular asset or in particular asset classes, and prevents excessive concentration risk.



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## Regulation 28 updates

- Increase in effective offshore exposure to 45%
- Previously 30% offshore and 10% Africa exposure





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## Regulation 28 updates

Amendments introduce a definition of infrastructure, and sets a limit of 45% for exposure in infrastructure investment. To further facilitate the investment in infrastructure and economic development, the limit between hedge funds and private equity has been split. There will now be a separate and higher allocation to private equity assets, which is 15% increased from 10%.





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## Regulation 28 updates

Retirement funds will continue to be prohibited from investing in crypto assets. The excessive volatility and unregulated nature of crypto assets require a prudent approach, as recent market volatility in such assets demonstrates.





## Other investment issues

- Expected greater requirements in terms of ESG investing
- Clarity on investing in hedge funds, particularly with in a unit trust structure.
- Impact of SA Grey listing



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## Transfers between Retirement Annuity Funds

- Previously if you moved from one RA Fund to another, you needed to transfer the full value.
- You can now transfer part only and thus effectively “split” your retirement annuity.
- But each portion must be 1.5 times the amount below which you can take the full benefit as cash!



## Budget 2023

- Increase in the tax tables applicable to retirement fund benefit payments.
- Lump sum tax free at retirement up from R500 000 to R550 000.
- Note that previous retirement fund benefits are taken into account when tax is determined!



## Withdrawal benefits

Taxable Income	Rates of Tax
0 – 27,500	0% of taxable income
27,501 – 726,000	18% of taxable income above 27,500
726,001 – 1,089,000	125,730 + 27% of taxable income above 726,000
1,089,001 and above	223,740 + 36% of taxable income above 1,089,000



## Retirement and death benefits

Taxable Income	Rates of Tax
0 – 550,000	0% of taxable income
550,001 – 770,000	18% of taxable income above 550,000
770,001 – 1,155,000	39,600 + 27% of taxable income above 770,000
1,155,001 and above	143 550 + 36% of taxable income above 1,155,000



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# Budget 2023

## Reference to auto enrollment.

The Minister indicated that during the course of 2023, National Treasury will finalise Policy proposals to expand the participation and coverage of employees.



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## Financial planning

Members are encouraged to seek professional financial advice and to work through comprehensive financial projections







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# Questions





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# Fund Contact Information

Member Website: [www.ntrf.co.za](http://www.ntrf.co.za)

## OFFICE OF THE PRINCIPAL OFFICER (Management of the Fund)

Contact the Principal Officer for all escalations of queries

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## ADMINISTRATOR (Administrative matters)

Contact the Fund Administrator for all investment and claim queries and other admin-related queries

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